

GAMING UPDATE

Volume 11, Edition 2

July 1997

IT'S LICENSE RENEWAL TIME!



This edition of the **GAMING UPDATE** contains important information that you need for renewing your gaming licenses for the upcoming licensing period that begins October 1st. Make sure you check out the articles, deadlines, and helpful tips on pages 4, 5, and 9 regarding license renewal.

REMEMBER...ALL GAMING LICENSES, INCLUDING THOSE FOR COUNTY/CITY LOTTERY, WILL EXPIRE AT MIDNIGHT THIS COMING SEPTEMBER 30TH.

Bingo Tax Reduction Finally Achieved

After years of trying to reduce Nebraska's bingo tax rate, one of the nation's highest, the bingo industry finally was successful in achieving that goal during the 1997 legislative session which recently concluded. **LB 99, introduced by Senator Eric Will** of Omaha and effective **October 1, 1997**, reduces the state bingo tax rate from six percent to three percent. In addition, this bill also reduces the local

bingo tax rate from two percent to one percent until January 1, 1999, when the local bingo tax is eliminated altogether. LB 99 passed on Final Reading by a vote of 43-1 and was signed by the Governor on June 11. **For further details regarding legislative changes affecting gaming in Nebraska, see "Changes to Nebraska's Gaming Laws" starting on page 3.**

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Legislature Plans Interim Studies on Gaming

Although the Legislature has completed its work for the 1997 legislative session, the General Affairs Committee, which is responsible for considering most gaming-related legislation, will still be busy during the interim period prior to the start of the 1998 legislative session in January. This committee, chaired by Sen. Stan Schellpeper of Stanton, will be conducting hearings on several interim study resolutions which may be of interest to the gaming industry. The hearings will address the following issues:

- ☆ **LEGISLATIVE RESOLUTION 127.** The purpose of this resolution is to review a variety of economic and legal issues relating to the horseracing industry. Several specific areas of review that may interest the charitable gaming industry are: (1) The impact of other forms of gaming, both within and outside the state, on horseracing in Nebraska; (2) Whether expanded gaming opportunities at racetracks would increase revenue for horseracing and attract additional fans to the sport; and (3) Whether changes in the Nebraska Constitution relating to racing or gaming are needed to respond to current economic and social conditions.
- ☆ **LEGISLATIVE RESOLUTION 129.** The purpose of this resolution is to examine the extent and impact of compulsive gambling in Nebraska, both on individuals and on legal gaming activities and other businesses as well. It will also focus on identifying appropriate methods to deal with this problem and ways to fund such efforts.
- ☆ **LEGISLATIVE RESOLUTION 165.** This resolution mandates an examination of gambling on the Internet. It will focus on: (1) The extent and nature of Internet gaming in Nebraska; (2) Whether it is necessary or appropriate to enact legislation to regulate Internet gaming; (3) Activities by other states and the federal government concerning Internet gaming; and (4) Whether the State of Nebraska should support federal legislation to regulate Internet gaming.

Dates for these interim study hearings have not yet been scheduled. If you are interested in these interim study topics, you might want to consider providing testimony, either in writing or in person, to the General Affairs Committee. You are encouraged to contact our office or the office of the Clerk of the Legislature later this summer to determine the date(s) when these hearings will be scheduled.

NEBRASKA DEPARTMENT OF REVENUE

STATE TAX COMMISSIONER — M. BERRI BALKA

Charitable Gaming Division Administrator — Jim Bogatz

Investigation Division Administrator — Greg Schnasse

**Charitable Gaming Division Managers — Steve Schatz, Policy/Licensing
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Licenses, Authorizations, Permits, Device Decals, and Forms

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Bingo, Pickle Card, and Lottery/Raffle Game Conduct

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County/City Lottery Licensing and Game Conduct

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County/City Lottery Audit and Tax Returns

Gerald Otoupal	471-5940
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Changes to Nebraska's Gaming Laws Coming October 1st!

LB 248, introduced by the General Affairs Committee on behalf of the Charitable Gaming Division, was signed into law by Governor Nelson on June 6. Most of its provisions will become effective October 1, 1997. Following is a brief summary of the major changes made by LB 248. **All changes are effective October 1, 1997, unless indicated otherwise:**

General

- ✓ Exempts sales agent and gaming manager license applicants from fingerprinting and criminal background investigation requirements if such investigation was previously conducted by the Nebraska Liquor Control Commission.
 - ✓ Clarifies that administrative fines in all charitable gaming programs may be assessed in the amount of \$1,000 "for each violation" rather than "for cause."
 - ✓ Imposes sanctions on licensed organizations, pickle card operators, lottery operators, and their employees and agents for allowing a minor to gamble.
 - ✓ Provides that "causing, aiding, abetting, or conspiring with another" to commit a violation of the gaming laws is treated the same as the commission of the underlying offense itself. Both of these offenses are now classified as Class I misdemeanors.
 - ✓ Signifies the intent of the Legislature to appropriate to the Compulsive Gamblers Assistance Fund from the Charitable Gaming Operations Fund \$250,000 on July 1 of each year for fiscal years 1997-98, 1998-99, and 1999-2000. For fiscal year 2000-01 and each fiscal year thereafter, it is the intent of the Legislature to likewise appropriate \$1 million "if the need for such funds is demonstrated to the Legislature."
- This particular provision was effective July 1, 1997.**

Bingo

- ✓ Provides biennial, rather than annual licensing for manufacturers and distributors. Doubles the licensing fee to \$3,050, so that no decrease in the amount currently charged annually will result.
- ✓ Clarifies which licensees are subject to annual renewal of their bingo-related licenses.
- ✓ Clarifies that a rescheduled bingo occasion (canceled due to an act of God) does not count against the limitation on the number of times per week a particular premises may be used for bingo.

Pickle Cards

- ✓ Provides biennial, rather than annual licensing for manufacturers and distributors. Doubles the licensing fee to \$3,050, so that no decrease in the amount currently charged annually will result.

- ✓ Permits a club manager (in addition to the sales agent and the utilization of funds member) to order pickle cards provided payment is still handled by the utilization of funds member.
- ✓ Eliminates the monthly reporting of certain information by licensed manufacturers. Instead, manufacturers must maintain the required information and provide it to the Division upon request or as otherwise directed by rule and regulation.
- ✓ Eliminates a requirement that licensed distributors report monthly to the Division the serial number and corresponding state identification stamp number assigned to each pickle card unit.
- ✓ Authorizes a "last sale" feature for seal card games.
- ✓ Eliminates a reference to an "owner" of a pickle card dispensing device since registration of such devices may be the responsibility of someone other than the actual owner of the device.
- ✓ Makes it a violation to have pickle cards in one's possession without the required license.

Lottery/Raffle

- ✓ Authorizes an alternative method of winner determination. Specifically, a lottery or raffle may be conducted by means of a race using inanimate buoyant objects (often referred to as a "duck race") to determine the winner(s) of the lottery or raffle. **This provision was effective June 6, 1997.**

County/City Lottery

- ✓ Eliminates a requirement that a copy of each proposal submitted to a community by prospective lottery operators be included with a license application. Only the proposal of the selected lottery operator is necessary.
- ✓ Extends the 60-day probationary period for a lottery worker license to 120 days.
- ✓ Eliminates the quarterly reporting of certain information by manufacturer-distributors. Instead, manufacturer-distributors must maintain the required information and provide it to the Division upon request or as otherwise directed by rule and regulation.
- ✓ Makes it a violation for a lottery worker to extend credit at a keno game. Presently, it is only a violation for a "lottery operator, sales outlet location, and county, city, or village" to accept wagers without obtaining cash. Also makes it a violation for a player to make or attempt to make a wager on credit.

Are You Ready for the New License Year?

All bingo, pickle card, and lottery/raffle licenses will expire at midnight on September 30, 1997.

In order to continue your charitable gaming activities on and after October 1, 1997, you must have **physical possession** of the appropriate 1997-98 licenses and authorizations, if applicable. To identify the 1997-98 licenses and authorizations, please check the expiration date printed in the lower left-hand corner of the license. **The new 1997-98 licenses will show an expiration date of September 30, 1998.**

If you do not have your 1997-98 license(s) as of October 1, 1997, all charitable gaming activities **must cease** until such time as you are issued the correct license(s). No exceptions will be allowed.

All nonprofit organizations currently licensed for bingo, pickle card, or lottery/raffle activities, businesses currently licensed as pickle card operators, and other charitable gaming licensees should have received their appropriate package of annual license renewal applications from the Charitable Gaming Division by now (see page 9 for information on county/city lottery license renewal). If you have not received this information, you should review the mailing address listed currently on your gaming licenses. This mailing address reflects the information we have on record, and all correspondence regarding your gaming activities has been mailed to that address. **If you are unable to locate your renewal package, please contact our office** as soon as possible so that we can mail duplicate information to you.

PICKLE CARD OPERATORS

Pickle card operator license renewal applications must have been received by our office or postmarked **no later than August 1**. Extensions will not be granted. If you submitted your renewal application after August 1, you may not have physical possession of your license as of October 1. This means you cannot continue any charitable gaming activities until such time as you have possession of a 1997-98 license. You may also be subject to an **administrative fine** for late filing of the license application.

Applications must be signed by a business **owner, partner, corporate officer, or a person authorized by Power of Attorney** on file with the Department of Revenue. Information pertaining to the owners, partners, or officers we currently have on file for your business is preidentified on the computer-generated license renewal application for you to review. **One of**

these individuals must sign the application. A signature of a manager or an employee who does not have an ownership interest in the business is **not acceptable**. You must include the \$50 licensing fee with the application. Incomplete or improperly signed applications will be returned.

If there has been a change of ownership in your business, the new owners will NOT be allowed to use the computer-generated license renewal form. The new owners must complete and file a Nebraska Application for Pickle Card Operator, Form 50D. Forms are available upon request from the Charitable Gaming Division.

BINGO, PICKLE CARD AND LOTTERY/RAFFLE ORGANIZATIONS

An application to renew bingo and pickle card licenses must be received by our office or postmarked no later than August 15 (unless your application relates only to a limited period bingo occasion or special function pickle card sales authorization). Extensions will be not be granted. If you submit your renewal application after August 15, you may not have physical possession of your license(s) as of October 1. This means you **cannot continue any charitable gaming activities until such time as you have possession of the 1997-98 license(s)**. You may also be subject to an administrative fine for late filing of the license application. **Applications to renew lottery/raffle licenses must be submitted at least 30 days prior** to the date your organization plans to begin selling tickets.

NOTABLE CHANGES YOU SHOULD BE AWARE OF WHEN REVIEWING YOUR 1997-98 BINGO AND PICKLE CARD RENEWAL APPLICATIONS

- ✓ **Past organization officers are not preprinted on the application form.** Instead, blanks have been provided for you to list and report all information on your organization's current officers. If additional space is required, please **attach a separate list** with all of the necessary information. It is the responsibility of each licensee to keep the information on the license application filed with the Department current. **You must notify the Department in writing of any changes** that may occur within your organization throughout the license year. For information regarding what signatures are required or what forms must be used to report the changes, please contact the Charitable Gaming Division. This will assist us in keeping your organizational files updated with the most current information available.

- ✓ **If your organization holds a CLASS II PICKLE CARD license, you will notice each individual currently licensed as a sales agent for your organization is preprinted on a separate page.** This year, if the individual is renewing his or her license, he or she must also **read and complete each question** regarding his or her current position within the organization, and what if any commission he or she will be receiving as a sales agent for the organization. If the sales agent's license renewal application is not fully completed, the entire application will be returned to your organization.

FINAL POINTS TO CHECK PRIOR TO SUBMITTING YOUR LICENSE RENEWAL APPLICATION

Taking a few extra minutes to verify this information on your renewal application will enable us to process your application in a more efficient manner.

Correct Fees: The fees required for each type of license are indicated on the license renewal applications and are located at the top of the forms. Please recheck the amount to be remitted; your renewal application cannot be processed with insufficient license fees.

Correct Signature: Required signatures must be in the designated areas on all applications submitted, and applications submitted to our office must contain original signatures; no photocopies will be accepted. Each applicant for a license as utilization of funds member, sales agent, or gaming manager and the person designated as bingo chairperson must sign the renewal forms in the space provided. An officer who is listed on the renewal form as one of your current officers must also sign in the space provided.

Pickle Card Operator Authorizations: All authorization renewal applications submitted by Class II pickle card license applicants must be signed by a utilization of funds member who is renewing his or her license, or by someone being added as a utilization of funds member for the 1997-98 license year. The renewal applications must also contain the signature of an owner, partner, or corporate officer of the pickle card operator, or person authorized by Power of Attorney on file with the Department. All renewal applications must contain original signatures.

Remember to Submit Your Annual Reports: Organizations holding an active bingo, pickle card, or lottery/raffle license during any portion of the period July 1, 1996 through June 30, 1997, must complete

and submit the appropriate annual report form for each activity. **Licenses for the 1997-98 license year will not be issued until all required annual report information has been received by our office.** Each page of the annual report and all required attachments must be provided in order for us to process your license renewal application. If possible, please include the annual report(s) with your license renewal application. **Remember, annual reports are due by August 15, even if you do not renew your gaming license(s).**

ALL LICENSEES

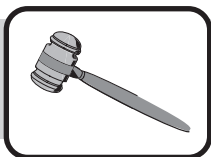
Pickle card operator license renewal applications postmarked on or before August 1, and organization license renewal applications for bingo and/or pickle cards postmarked on or before August 15, will receive priority. License renewal applications will be reviewed in the order in which they are received, so the sooner your application is submitted, the sooner it can be reviewed for processing.

PLEASE NOTE: To avoid any confusion and minimize the possibility of licenses being misplaced, **we will not begin mailing 1997-98 licenses until the latter part of September** even though the application may have completed processing prior to that date.

When calling or writing to us, please identify your organization or business name as it appears on your charitable gaming license, and your **Nebraska identification number** (the 35-number printed in the upper right-hand corner of your license). **If you call to inquire about the status of your license renewal application,** we will **only** be able to tell you if the application has been received, whether or not it was submitted by the due date, and whether or not the license(s) have been issued. We will not be able to tell you exactly where your application is in the review process.

License renewal applications submitted with insufficient license fees, missing or incorrect signatures, or missing or improperly completed forms will be returned for correction. A letter will be included outlining what is needed in order to process the application. To avoid delay, please read the instructions provided with the forms and recheck the forms before submitting them. **If you have any questions regarding license renewal, please call us.** By calling us with questions prior to the submission of your renewal applications, many problems can be avoided.

Thank you for your cooperation in following these procedures.



Administrative and Court Actions

The following cases reached final administrative determination or court decision since the last **GAMING UPDATE**:



Southeast Rural Volunteer Fire Department, et. al., v. Nebraska Department of Revenue, No. S-95-431. This case was decided by the Nebraska Supreme Court on February 28, 1997. The case dealt with license denials for two successive license years. Initially, the Department of Revenue sought to deny a license application for the organization, its utilization of funds member and gaming manager for using gaming revenues to fund retirement accounts for the members of a volunteer fire department, for using \$30,000 of gaming funds for an interest free "advance of salary" for the organization's gaming manager and for the payment of gaming manager and caller/cashier's wages for the same bingo occasions to the organization's gaming manager. The first license year (1992-93) was denied after a full evidentiary hearing by an order of the State Tax Commissioner. The Department sought to deny the application for the next license year (1993-94) for the same violations litigated in the earlier proceeding. The State Tax Commissioner granted a motion for summary judgment filed by the Department and denied the license application. The administrative cases were appealed to District Court. The State Tax Commissioner's orders were upheld at that level and the cases were appealed to the Nebraska Supreme Court.

The court determined that neither the retirement plan nor the \$30,000 payment to the gaming manager were proper uses of funds under the Nebraska Pickle Card Lottery Act because they inured to the benefit of individual members of the organization. The court also found that the Nebraska Bingo Act did not prohibit payment of both gaming manager and caller/cashier wages to the same individual for the same bingo occasion. Based on these determinations, the court found that the denial of the organization's license for the 1992-93 license year was an appropriate sanction. It also found that summary judgment was inappropriately granted for 1993-94 because administrative agencies are not authorized to

grant summary judgment. The court then remanded the 1993-94 license year back to the Department for further hearing.

Following the decision of the Nebraska Supreme Court, the Department sought to enforce the order of the Nebraska Supreme Court. It sent the organization a letter indicating that intent and also seeking to deny the 1996-97 license application of the organization. The organization then filed suit in Lancaster County District Court (SE Rural Volunteer Fire Department v. Nebraska Department of Revenue, Docket 556 Page 004) to enjoin the Department from enforcing that order, at least until the Supreme Court remand was resolved. The court entered a temporary restraining order in favor of the organization enabling it to continue to conduct gaming activities pending resolution of the Supreme Court remand.



Florence Youth Athletic Boosters v. Charitable Gaming Division, Lancaster County District Court, Docket 537 Page 76. This was an appeal of an order of the State Tax Commissioner denying an application for a license to conduct a lottery by the sale of pickle cards. The denial order was based on a finding that the organization systematically misused pickle card funds for the benefit of organization officers. In resolving the appeal and upholding the order of the State Tax Commissioner, the District Court found that the Department gave adequate notice to the licensees of the issues involved in the case, that an organization can be held accountable for misuse of pickle card funds, even if that misuse was unauthorized and illegal, and that the sanction of license denial was appropriate. License denial was especially appropriate where the facts showed that the organization's primary purpose was not to conduct youth sports or other charitable activities but was instead the generation of money for a pickle card operator. The District Court issued its order on April 3, 1997, and the organization did not appeal.



In the Matter of American Legion Post 16 - Norfolk, Docket Number 96-021-35G. This case

dealt with pickle card shortages of approximately \$250,000 over a span of three and one-half years. A comparison of the organization's annual reports with purchase information filed with the Department by pickle card distributors resulted in a sizeable disparity between what the organization reported as having sold and what was purchased from the distributors. The Department's audit staff reviewed the organization's records to determine the nature of the shortages. The Department then sought to suspend the organization's license for a year based on the shortages and the filing of annual reports that seemed to understate the shortages. Ultimately, the parties agreed to settle the case. Without admitting liability, the organization agreed to pay an administrative fine of \$22,500. Further, the organization agreed to implement internal financial controls and that its license for the next 12 months would be on a probationary basis. If the organization cannot account for gaming funds within certain tolerances during any month, the organization's license can be suspended for a period of 30 days. The case was dismissed on April 7, 1997.



In the Matter of Sue's Pub - Randolph, Docket Number 96-029-35G. This case involved allegations that a keno sales outlet location accepted checks for the purchase of keno tickets rather than cash in violation of the Nebraska County and City Lottery Act. Without admitting liability, the licensee paid an administrative fine of \$500. The case was dismissed on December 17, 1996.



In the Matter of Bryon J. Murta and Tangier Temple - Omaha, Docket Numbers 96-032-35G and 96-033-35G. These were cases dealing with the alleged sale and delivery of pickle card units by a sales agent and licensed organization to an unlicensed and unauthorized pickle card operator. Without admitting liability and waiving hearing, the licensees paid administrative fines of \$200 each. The cases were dismissed on November 24 and 18, 1996, respectively.



In the Matter of T-D, Inc., d/b/a Colony Inn - Loup City, Docket Number 96-034-35G. This case involved the alleged use, by a county/city lottery operator, of an unlicensed lottery worker to perform work directly related to the conduct of the lottery.

The licensee waived hearing and, without admitting liability, paid an administrative fine of \$150. The case was dismissed on December 2, 1996.



In the Matter of VFW Post 2543 - Plattsmouth, Docket Number 96-035-35G. This case resulted from pickle card shortages of approximately \$166,000 for the period of July 1, 1992 through August, 1996. Additionally, the organization filed annual reports with the Department that understated those shortages. The Department filed a motion for hearing seeking to deny the organization's license for the 1996-97 license year. Without admitting liability, the organization paid a \$5,000 fine, agreed to cease pickle card sales at its club location (all of the shortages were traceable to sales at the organization's club location) and also agreed that a number of individuals involved with pickle card sales during the period of the shortages would no longer have any role in the organization's lottery by the sale of pickle cards. The case was dismissed on March 26, 1997.



In the Matter of Four Sons, Inc. - Waverly, Docket Number 97-001-35G. This case resulted from an investigation of keno conducted at Waverly, Nebraska, by Four Sons, Inc., the lottery operator. The investigation indicated that a keno player, after losing all of the cash in her possession, wrote a number of checks for the purchase of keno tickets, which appeared to have been accepted by the owners. The Department brought an administrative action alleging the extension of credit or, alternatively, the acceptance of checks for the purchase of keno tickets in violation of the Nebraska County and City Lottery Act. The parties agreed to settle the case and, without admitting liability, the licensee agreed to a fine in the amount of \$12,000. The case was dismissed on April 15, 1997.



In the Matter of the Short Stop, Alma Volunteer Fire Department and Jon S. Davis, Docket Numbers 97-006-35G, 97-007-35G and 97-008-35G. These cases related to the alleged sale and delivery of pickle card units by a licensed organization to an unlicensed and unauthorized pickle card operator and the sale by that unlicensed operator of pickle cards to the public. The operator, organization and sales agent each waived hearing and, without admitting liability,

paid fines of \$100, \$200 and \$200, respectively. The cases were dismissed on March 26, February 12, and February 17, 1997.



In the Matter of Cuzins, Inc., d/b/a Beer City - Omaha, Docket Number 97-009-35G. This case related to a pickle card operator selling pickle cards without having first obtained a valid pickle card operator's license or authorization. The operator waived hearing and, without admitting liability, paid an administrative fine of \$100.



In the Matter of the Hubbell Lions Club - Hubbell, Docket Number 97-011-35G. This case involved the sale of pickle card units by a licensed organization to an unlicensed, unauthorized pickle card operator. The organization waived hearing and, without admitting liability, paid an administrative fine of \$300.



In the Matter of American Legion Post 218 - Exeter, Docket Number 97-012-35G. This case involved the sale and delivery of pickle card units to an unlicensed pickle card operator by a licensed organization. The organization waived hearing and, without admitting liability, paid an administrative fine of \$200.



In the Matter of the Laurel Volunteer Fire Department - Laurel, Docket Number 97-015-35G. This case resulted from the failure of a licensed organization to provide a complete and accurate annual report of its pickle card activity. The Department's audit staff made several written requests of the organization for additional information regarding its annual report; however, the organization did not respond to those requests, resulting in an administrative action seeking an administration fine. The organization waived hearing and, without admitting liability, paid an administrative fine of \$500.



In the Matter of American Legion Post 216 - Gretna, Docket Number 97-016-35G. This case related to sales of pickle card units by a licensed organization to an unlicensed, unauthorized pickle card operator. The organization waived hearing and, without admitting liability, paid an administrative fine of \$200.

Our Annual Report Came Up Short! What Should We Do?!?!?!?



It's that time once again when many organizations are scrambling to complete and file their **annual reports** for bingo, pickle card, and lottery/raffle activities. We know that time can sneak up on you, and if your records are disorganized it can be an extremely frustrating experience too. **Nonetheless, the annual reports are due August 15**, and no extensions of the filing deadline will be granted.

So your report came up short and you can't figure out why . . . what should you do? **The worst thing you can do is nothing at all!** If you absolutely can't figure out the problem and there's no time left to call the Charitable Gaming office for help, **FILE THE ANNUAL REPORT ANYWAY**. The processing of your license renewal application and the **issuance of your 1997-98 license(s) will be jeopardized if you don't submit the required reports**.

So what happens next, when the Charitable Gaming Division reviews your report and sees the shortage? First, we will contact you by letter asking for an **explanation of the shortage**. Perhaps by this time you will have been able to review your records and will have found the error. **If you are contacted for an explanation, the next worst thing you can do is not respond at all**. If you can't explain the shortage in writing, **call** the Division and ask for assistance. We may be able to help you resolve the matter over the telephone.

But what if the shortage turns out to be unexplainable? What happens then? Most likely, the Division will require your organization to file monthly reconciliation statements and adhere to strict internal control procedures. Our experience has been that organizations following these control procedures generally **eliminate any future shortage** problems. If the shortage problem isn't eliminated, the Division then refers the matter to the Department of Revenue's Legal Division for possible administrative sanction—license suspension or, in extreme cases, revocation.

The most important thing to remember is to **cooperate** with the Charitable Gaming Division when a shortage situation is uncovered. **Failure to act is the worst response of all**.

Electronic Bingo Update



bingo card

monitoring

In the last edition of **GAMING UPDATE** we informed you that we were developing rules of **electronic**

devices in Nebraska, and were also in the process of licensing the manufacturers of these devices and testing their equipment. Electronic bingo card monitoring devices are player-held devices, about the size of a desktop calculator, which can be loaded electronically with bingo card faces. As bingo numbers are announced by the bingo caller, the bingo players enter the numbers into the device which monitors and “**electronically daubs**” the bingo faces stored in the device. The device then alerts the player when a “bingo” has been achieved.

Initially, the Charitable Gaming Division approved a type of device which seven licensed organizations are currently using. The device is electronically downloaded with bingo cards by a “site system” (computer hardware and software) located at the organization’s bingo location. This system provides a computer-generated receipt for the player which also contains a printout of the actual bingo cards downloaded into the device. Traditional disposable paper bingo cards are not used with this type of system and device.

Since that initial approval, the Division has approved a second type of device which is used in conjunction with the sale of traditional disposable paper bingo packets. Instead of electronically downloading the bingo cards into the device by computer, this device is used in conjunction with disposable bingo paper but requires only that an individual enter one specific face number from the packet, and then the device automatically recognizes all of the bingo faces in the paper packet. As with the other device, the bingo player enters the numbers into the device as they are called, the device tracks and “electronically daubs” the bingo faces stored in the device, and alerts the player when a “bingo” is achieved.

The Division’s rules allow up to 72 bingo cards to be monitored by a device at one time. It is reported that some proficient bingo players are even daubing regular bingo paper on the side, in addition to using a device. **Thus far, the overall organization and player reaction to these devices has been favorable.** Look for further updates on electronic bingo in the next edition of the **GAMING UPDATE**.

County/City Lottery License Renewal

Biennial license renewal time is upon us. Any county/city lottery licenses issued to a community, lottery operator, or sales outlet location expire on September 30 of this year. Lottery worker licenses are not required to be renewed.

Instructions and the forms necessary for renewing county/city lottery licenses were mailed in the middle of June. With the exception of the members of the Nebraska Cooperative Government (NCG), the forms were sent to the government contact person and a copy of the cover letter was sent to the lottery operator. The reverse occurred with NCG members; specifically, all the renewal forms were sent to NCG and a copy of the cover letter was sent to each county/city/village. Labels were prepared to preidentify the renewal forms only for those government entities, lottery operators, and sales outlet locations with active 1995-97 biennial licenses.

This year we are asking that various documents be attached to the applications to ensure that the current information for your lottery is on file as required by law. **If any information has changed since your original license application, the changes are to be reported promptly** as they occur. Since we are aware of some changes that have not been reported, requiring that all lotteries submit the current information will bring our files up to date. Your cooperation in providing the current information with your application and keeping the information on file with us current will be appreciated.

The required attachments to the Nebraska Application for County/City Lottery, Form 50G, include a copy of the community’s current prize payout schedule or pay tables, any other pertinent game information, and the current lottery operator contract with any amendments in effect. If there have been changes to the site agreement between the lottery operator and any sales outlet locations, please include copies of these amendments as well.

The required attachment to the Schedule I - County/City Lottery Operator Application is an updated Personal History Record for each individual who has not filed a new report since July 1, 1996. Fingerprinting is not being required of existing lottery operators unless there are new individuals involved (new partners and their

spouses, new corporate officers and their spouses, or new stockholders owning 10 percent or more stock ownership in the corporation).

The two-year license fees are \$100 for each county/city/village and \$500 for each lottery operator for each county/city/village. There is no proration of these fees, so even if you recently paid your license fee for 1995-97, the **full amount is due** again with your renewal.

The completed application forms with requested attachments and proper licensing fees **were due to the Charitable Gaming Division August 1, 1997**. If you have not received the license renewal application material or need additional renewal forms, please **contact the Charitable Gaming Division immediately**. License renewal applications that were not submitted by August 1, 1997, may not be processed prior to the expiration date of the current licenses and may result in a **disruption to the community's lottery activity**.

Credit Wagering Revisited

In the January 1996 issue of **GAMING UPDATE**, an article appeared which explained the fact that it is **illegal for lottery operators to accept keno wagers made with anything other than cash**. Yet through our investigations and inspections **we continue to encounter credit wagering** problems on a fairly regular basis. We simply **cannot tolerate** the continuation of this illegal activity. **The Charitable Gaming Division is hereby putting all licensees on notice** that anyone found accepting credit wagers will be subject to **severe administrative sanctions**—including the suspension or outright revocation of your gaming license. This includes lottery operators, counties, cities, and villages, sales outlet locations, and keno workers. **Furthermore, we will not hesitate to turn over to the respective county attorneys** the names of any individuals, including players, involved in credit wagering situations.

While the specific statutory provision covering this issue (Section 9-646.01) appeared previously in the above-mentioned issue of the **GAMING UPDATE**, it seems appropriate to print it again as a reminder. **Also, the Nebraska Legislature** recently made some changes to this provision at the request of the Division to broaden its coverage (see the highlighted language below):

No person or licensee, or any employee or agent thereof, accepting wagers on a lottery conducted pursuant to the Nebraska County and City Lottery Act shall

extend credit from the gross proceeds of a lottery to participants in the lottery for the purchase of lottery tickets. No person shall purchase or be allowed to purchase any lottery ticket or make or be allowed to make any wager pursuant to the act unless he or she pays for such ticket or wager with cash. For purposes of this section, cash shall mean United States currency having the same face value as the price of the ticket or wager.

The prohibited practices addressed in the previous article involved the acceptance of wagers made with personal checks or operators actually holding the checks pending the outcome of the game. Not only has this activity apparently continued, but now the Division is encountering some situations where operators have not even bothered to secure a check from the player and instead accept an "IOU" or in isolated cases, receive nothing from the player.

We cannot stress strongly enough that all wagers must be made with cash. More specifically, the keno writer must receive cash from the player prior to the issuance of any keno ticket to the player. The Legislature has clearly expressed its intent that the **extension of credit for keno wagering has no place in charitable gaming in Nebraska**.

County/City Lottery Worker Project Update

First, thank you to the communities which responded to our February request that each community review its licensed lottery workers for our periodic worker update project. As expected, there were many cancellations that had not been reported. We were disappointed to discover that there were also workers who had not filed a Schedule III with us yet. **Please remember that a lottery worker is not to begin his or her duties with your lottery until a properly completed Schedule III is filed with us**. Unfortunately, more than one-third of the communities did not respond in any manner to our first request and were sent second requests. About half of these responded to the second request letters. Only five communities (about 4 percent) have reported that they had no changes.

Additional contacts will be performed to complete this project. **Please remember** that it continues to be the responsibility of the communities to promptly report all changes relating to their licensed lottery workers by submitting a completed Nebraska Schedule III—County/City Lottery Worker Application for each worker's change.

County/City Lottery News Briefs

- ❑ **Total dollars wagered** on keno for the period October 1, 1996 through December 31, 1996, were **\$40,058,637**. Comparing this to the total dollars wagered for the same period last year of \$46,699,159 yields a **decrease** of approximately 14 percent. **However**, the amount wagered for October through December of 1996 **was up** from the previous quarter's wagers of \$39,249,429.
- ❑ **Total dollars wagered** on keno for the period January 1, 1997 through March 31, 1997, were **\$42,133,881**. Comparing this to the total dollars wagered for the same period last year of \$45,808,377 yields a **decrease** of **approximately 9 percent**. **However**, the amount wagered for January through March of 1997 **was up** from the previous quarter's wagers of \$40,058,637. **The January through March 1997 quarter had the highest dollars wagered since the quarter ended March 31, 1996**, and continued an upward trend started with the quarter beginning April 1, 1996.
- ❑ The Villages of **Morse Bluff** and **Otoe** have been issued county/city lottery licenses since our last publication. The City of **Blue Springs** has been issued its license, but the lottery operator's license is still pending. License applications are pending for the City of **Blue Hill**. The Village of **Avoca** has restarted its lottery. The City of **Auburn** has discontinued its lottery.
- ❑ **The establishment of a county/city lottery** has not been on any ballots since November of 1996. However, the Village of **Nehawka** is scheduled to vote on whether to implement a county/city lottery on August 5, 1997.
- ❑ **Please be advised** that the county/city lottery license application **forms have all been revised** in the last year. Perhaps the most visible change is the addition of the bar code on each form to facilitate more efficient internal processing and record retrieval. In addition, minor changes have been made in

some forms to better collect the information needed to properly review the application and issue the license. **Please discontinue using older versions of our forms.** In most cases, incomplete forms or those filed on prior versions of our forms will be returned for proper completion of the current form. Your cooperation in using the most recent version of our forms and in filing completed applications and returns is most appreciated.

- ❑ **Just a reminder** that the county/city/village is responsible for **returning the license** for any sales outlet location or lottery operator that is no longer functioning in its licensed county/city lottery capacity. All such changes are to be reported by filing the appropriate schedule **within 30 days** of the change. For example, if a sales outlet location ceased business (either the entire business or just the county/city lottery operation at that location), a Nebraska Schedule II — County/City Lottery Sales Outlet Location Application is to be completed and filed to report the cancellation and the outlet's license is to be returned.

Want to Know More About Charitable Gaming?

Looking for a speaker for your next conference? Interested in starting a new gaming activity? In need of help understanding gaming requirements, rules, or forms? **CONTACT US!** We have staff members who specialize in gaming-related presentations both formal and informal. No group is too big or too small. Just give us a call and we will make arrangements to suit your group or organization needs.
(402) 471-5937

GAMING CALENDAR

August

- 1 Pickle Card Operator License Renewal Applications Due.** Pickle card operators, counties, cities, and villages, lottery operators, and sales out locations must have their license renewal applications postmarked no later than August 1.
- 15 ALL Other Annual and Biennial License Renewal Applications Due.** Organizations, commercial lessors, distributors, manufacturers, and manufacturer-distributors must have their license renewal applications postmarked no later than August 15.
- Organization Annual Reports Due.** Forms 35, 35A, and 35B for bingo, pickle card, and lottery/raffle activities must be postmarked no later than August 15.

September

- 1 All State Offices Closed** - Labor Day
- 30 All Gaming Licenses Expire at Midnight.**
Last Day of Third Quarter 1997.

October

- 1 First Day of 1997-98 License Year and 1997-99 Biennial License Period**
- 13 All State Offices Closed** - Columbus Day

October (continued)

- 30 Form 51 Tax Return and Applicable Schedule(s) Due.** Must be postmarked no later than October 30.
- Organization Quarterly Reports Due.** Forms 35C and 35D for bingo and pickle card activities must be postmarked by October 30.

November

- 11 All State Offices Closed** - Veterans Day
- 17 1998 Pickle Card Dispensing Device Registration Renewals Due.** Applications to renew registration of pickle card dispensing devices must be postmarked by November 17.
- 27-28 All State Offices Closed** - Thanksgiving Holiday

December

- 25 All State Offices Closed** - Christmas
- 31 Last Day of Fourth Quarter 1997**
- 1997 Pickle Card Dispensing Device Registrations and Decals Expire at Midnight.** Organizations and pickle card operators must have 1998 decals affixed to dispensing devices after midnight or cease using the devices.

Compulsive Gamblers Assistance

Gamblers Anonymous 1-800-GAMBLER (National)

- | | |
|--|---|
| ✓ Gamblers Anonymous (Lincoln) (402) 473-7933 | ✓ Family Services (Omaha) (800) 762-0868 |
| ✓ Gamblers Anonymous (Omaha) (402) 978-7557 | ✓ Nebraska Council on Compulsive Gambling (Bellevue) (402) 291-0980 |
| ✓ Gamblers 12 Step & Family (Omaha) (402) 978-7899 | |



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